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ABSTRACT

Results of a national study of corporate giving to higher education give reason for optimism in future years. Highlights include: in national estimates, dollar amounts were at a new high at $715 million, a 17.2 percent increase over 1977; the biggest three-year gain was seen since 1952-55; however, no gain was seen in the percentage of pretax net income given to education, and there was little change in education's share of total corporate contributions. The survey results themselves show that: funding of company foundations participating in the survey amounted to $419 million, an increase of 46.9 percent over 1977, with foundation grants totaling $278 million, a 15.2 percent increase; capital support grants as a share of corporate support dropped from 15.1 to 13.7 percent in the year, but unrestricted operating grants as a share of corporate support rose from 16.9 to 18.5 percent in that period. Matching gift programs accounted for 10.7 percent of the 1978 total, while departmental and research support were 17.7 percent and student support rose in dollar amount but fell in percentage of total contributions. Notes on the Internal Revenue Service's tabulation of total corporate contributions and on report definitions and biases are appended. (MSE)

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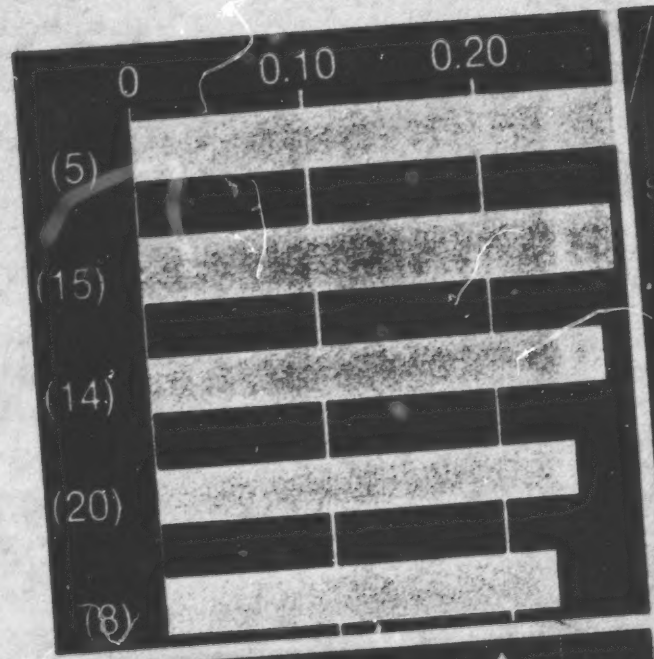
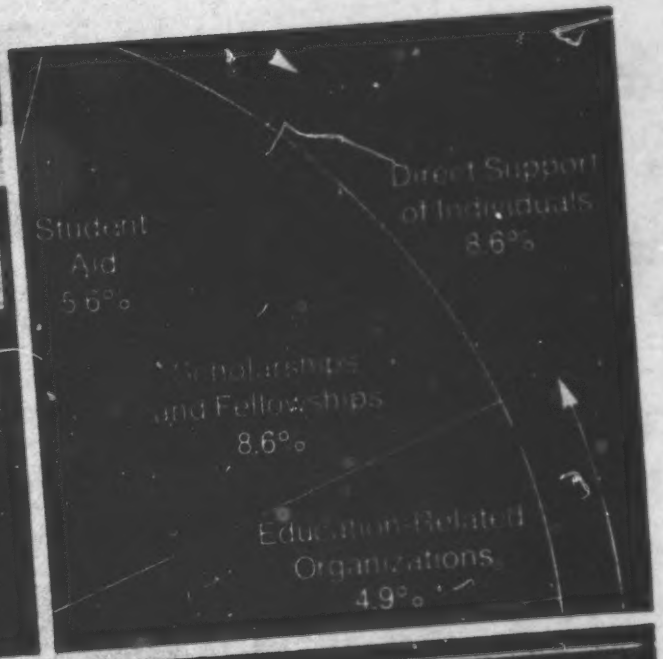
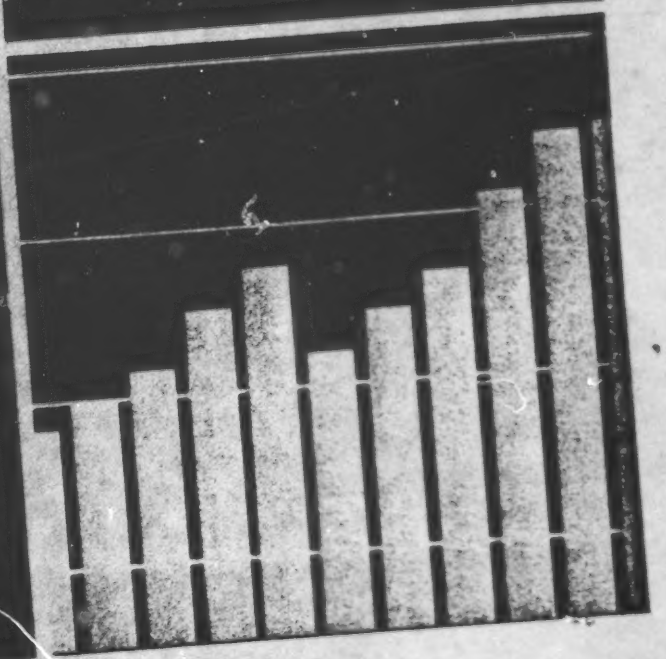
Corporate Support of Higher Education 1978







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Corporate Support of Higher Education 1978

Highlights

National Estimates

Dollar Amount a New High. Estimated corporate support of education amounted to $715 million in 1978, a new high. Up $105 million over 1977, an increase of 17.2%. ..... **Page 3**

Biggest Three-Year Percent Gain since 1952-55. Up $265 million in 1978 over 1975, an increase of 58.9%. ..... **Page 3**

No Gain in Percentage of Pretax Net Income given to education. This remained at 0.35%, the same level as in three of the five years since 1973. Between 1960 and 1972, it ranged from 0.37% to 0.45%. ..... **Page 3**

Little Change in Education's Share of total corporate contributions. It was 34.5% in 1978, which compares to an average of 36.5% from 1960 to 1972. ..... **Page 3**

Survey Results

759 Companies participated in the 1978 Survey. They accounted for about 2/3 of all corporate profits and 1/3 of all corporate support of education. ..... **Page 7**

Funding of Company Foundations participating in the Survey amounted to $419 million, an increase of 46.9% over 1977. Grants made by foundations totaled $278 million, up 15.2%. ..... **Page 8**

The Excess of Company Foundation Receipts over grants made in 1978 was $141 million; for the three years ending 1978, it totaled nearly $200 million. ..... **Page 8**

Capital Support Grants, as a share of corporate educational support, dropped from 15.1% in 1977 to 13.7% in 1978. ..... **Page 15**

Unrestricted Operating Grants, as a share of corporate support of education, rose from 16.9% in 1977 to 18.5% in 1978. ..... **Page 15**

Matching-Gift Programs accounted for 10.7% of the total in 1978. ..... **Page 15**

Departmental and Research Support accounted for 17.7% of total educational support in 1978, a significant increase over 1977's 15.4%. ..... **Page 15**

Student Support increased in dollar amount but dropped slightly in percentage of total corporate support of education. ..... **Page 15**

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Foreword

Where Do We Go From Here?

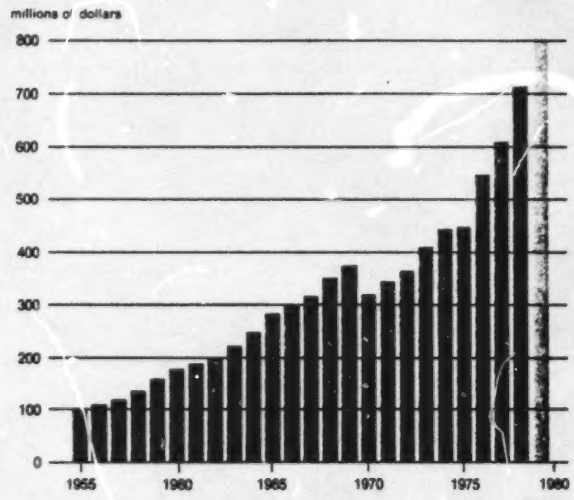
The information presented in this report gives much cause for satisfaction. Corporate support of education in 1978 continued to grow at an advanced rate, both in dollars and in relation to several important indices. The prospects are that 1979 will witness further gains of about the same magnitude, and the outlook for 1980 is by no means unfavorable despite the onset of sluggish business conditions. A year from now we expect to be able to look back on a five-year period characterized by an exceptional rate of growth--a doubling in money terms and a substantial gain even when corrected for the high rates of inflation.

Beyond 1980 there are several important question marks concerning developments in higher education that should be of prime concern to business. Sometime around the mid-eighties the impact of changing demographic forces will show up in declining enrollment figures across a wide spectrum of colleges and universities. No one knows with certainty just when this downturn will begin, how fast it will proceed, or how severe it will be; the existing studies are both contradictory and controversial. The odds are, however, that the contraction will be sufficiently large to cause widespread distress in the academic community.

Financial distress is already evident in an appreciable number of colleges and universities at which enrollment has entered a more or less steady state. Much of the problem stems from inflation which has put upward pressure on costs that, in many instances, exceeds the institution's ability to increase its revenues. Whenever this occurs, institutional survival can be purchased only by budget paring that may cut into the capacity of the institution to provide quality education.

As the demographic contraction spreads, so also will financial distress, and the problems of maintaining quality will become more severe. Further, the possibility of institutional closings will raise the problem of maintaining a desirable degree of diversity in higher education. Just how serious these problems may become is a matter for speculation, but the possibility of a major deterioration in the quality and diversity of higher education is causing increased concern to many in academe and business alike.

Chart 1
Estimated Total Corporate Support of Education



In the 1980s CFAE will not only monitor these developments as they occur, but also assist in efforts to evaluate the costs of maintaining quality and diversity in higher education over the balance of the century. Such an evaluation is essential to the formulation of both public and private policies concerning higher education. We shall, in addition, bring to the attention of business opportunities for added support of higher education that may enhance the quality of instruction and research.

After many years of decline, corporate support of colleges and universities is now rising as a percentage of institutional expenditures. This is all to the good, for it means that well-designed and well-executed programs of educational support will strengthen the natural ties between the academic and business communities. This kind of cooperation will benefit our colleges and universities, our business corporations, and the nation as a whole.

John R. Haire, President, CFAE

PART I

National Trends in Corporate Support of Education

For the corporate community as a whole, educational support in 1978 is estimated at $715 million, an increase of $105 million, or 17.2%, over 1977. In comparison to 1975, when the current upturn began, the 1978 figure represents a rise of 58.9%; this is the largest three-year gain since 1952-55.

The increase in educational support in 1978 was associated with a boom year in company giving for all purposes. Total company contributions as reported for corporate income tax purposes amounted to an estimated $2.070 billion, which is $370 million, or 21.8%, greater than the estimate for 1977. Much of this increase represents an extraordinary rise in corporate funding of sponsored foundations (see page 8).

According to U.S. Department of Commerce estimates, corporate profits before taxes were $206.0 billion in 1978, up 16.3% over 1977. Both total company giving* and corporate support of education increased slightly in 1978 in relation to pretax net income (PTNI). Total contributions amounted to 1.00% of PTNI in 1978 versus 0.96% in 1977 and 0.94% in 1976. Educational support in 1978 was 0.35% of PTNI, as compared to 0.34% in 1977 and 0.35% in 1976. In relation to total company giving, support of education accounted for 34.5% of the contributions dollar; the corresponding figures for 1976 and 1977 were 37.5% and 35.9% respectively. These figures and similar data for prior years are shown in Table I.

Inflation and Contributions Percentages

In every year between 1960 and 1973, total company contributions amounted to 1.00% or more of

* As is discussed in Appendix I, total company giving, as tabulated by the Internal Revenue Service, *includes* company contributions to sponsored foundations and *excludes* contributions made by company-sponsored foundations.

Table I
National Trends in Corporate Pretax Net Income and Contributions

Year	Corporate Pretax Net Income* (billions of dollars)	Corporate Contributions (millions of dollars) Total**	Education***	Contributions as a Percentage of Corporate Pretax Net Income‡ Total	Education	Educational Support as a Percentage of Total Contributions‡
1950	42.6	252	43	0.59	0.10	17.1
1951	43.9	343	55	0.78	0.13	16.0
1952	38.9	399	68	1.03	0.17	17.0
1953	40.5	495	80	1.22	0.20	16.2
1954	38.1	314	93	0.82	0.24	29.6
1955	48.4	415	105	0.86	0.22	25.3
1956	48.6	418	113	0.86	0.23	27.0
1957	46.9	419	120	0.89	0.26	28.6
1958	41.1	395	137	0.96	0.33	34.7
1959	51.6	482	160	0.93	0.31	33.2
1960	48.5	482	178	0.99	0.37	36.9
1961	48.6	512	190	1.05	0.39	37.1
1962	53.6	595	200	1.11	0.37	33.6
1963	57.7	657	225	1.14	0.39	34.2
1964	64.7	729	250	1.13	0.39	34.3
1965	75.2	785	283	1.04	0.38	36.1
1966	80.7	805	300	1.00	0.37	37.3
1967	77.3	830	315	1.07	0.41	38.0
1968	85.6	1,005	355	1.17	0.41	35.3
1969	83.4	1,055	375	1.26	0.45	35.5
1970	71.5	727	320	1.11	0.45	40.2
1971	82.0	865	345	1.05	0.42	39.9
1972	96.2	1,009	365	1.05	0.38	36.2
1973	115.8	1,174	410	1.01	0.35	34.9
1974	126.9	1,200	445	0.95	0.35	37.1
1975	120.4	1,202	450	1.00	0.37	37.4
1976	156.0	1,465†	550	0.94	0.35	37.5
1977	177.1	1,700†	610	0.96	0.34	35.9
1978	206.0	2,070†	715	1.00	0.35	34.5
1979	215.0***	2,300***	810	1.07	0.38	35.2

* U.S. Dept. of Commerce ** Internal Revenue Service *** CFAE † American Association of Fund-Raising Counsel (estimates)

‡ The estimates of total corporate contributions as percentages of PTNI and the percentages of educational support to total contributions shown here are not comparable to the Survey data presented in Part II of this report. For Survey purposes, corporate contributions are adjusted to exclude company gifts to sponsored foundations and to include the grants made by company foundations. For further information, see Appendix I. Despite these differences, the data are of some interest.

PTNI, and corporate support of education to 0.37% or more of PTNI. As shown in Chart 2, there were actually well-defined upward trends that began in the mid 1950s and reached peak levels in 1969. After 1969, both percentages declined steadily and lost all of the post-1960 increases. In fact, between 1974 and 1978, the 1.00% and 0.37% figures became upper boundaries rather than lower boundaries. What happened in the last decade to cause this change in the prior trends?

A definitive answer to such a question is beyond the scope of this report. However, there are several factors that are worthy of mention if for no other reason than that they provide some understanding of how corporate profits and educational contributions are related.

The first thing to note is the extraordinary acceleration in the growth of corporate profits in the 1970s. Pretax net income rose by about 5% per year, on the average, between the late 1940s and the late 1960s. In the decade since 1969 the average annual rate of growth has exceeded 11%. This jump in the rate of growth of pretax profits is unprecedented, but much of it is merely a reflection of the accelerated rate of inflation since 1969.

In the context of the double-digit inflation of the 1970s, it is hard to remember that price levels rose very slowly prior to the late 1960s. The Consumer Price Index showed an average annual increase of only 2.1% between 1946-48 and 1966-68. Since the late 1960s, however, the rate of inflation has averaged something like 6.6%, and in the five years ending 1978, nearly 8.0%.

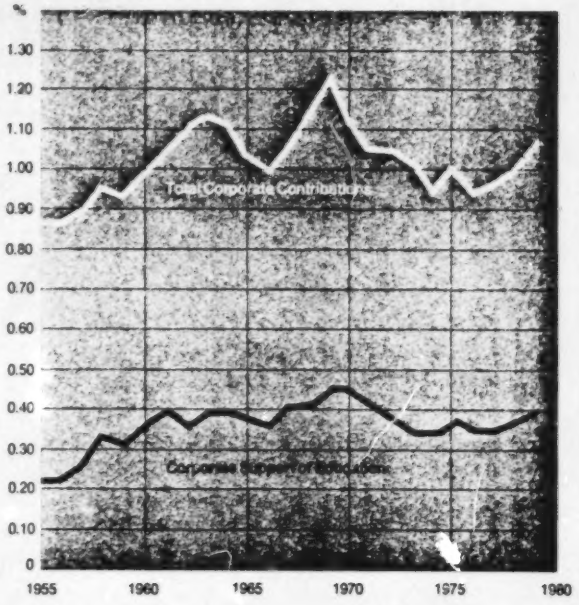
Inflation Swelled Profits

The acceleration in the growth of corporate pretax profits is, therefore, roughly parallel to the increased rate of inflation. In real terms, the growth of pretax profits has been more or less constant at an average rate just below 3% per year since the end of World War II.

The second thing to note is that, on the same kind of calculation, the level of real company contributions has grown at a rate roughly parallel to the growth of real profits, at least since the early 1950s.

This suggests that the upward trend of total contributions as a percentage of PTNI between the mid-1950s and the late 1960s was the result of an increasingly widespread and growing effort on the part of business corporations to raise their levels of giving, and that the subsequent downtrend was the result of the increase in the rate of inflation. To

Chart 2
Total Corporate Contributions and Corporate Support of Education as Percentages of Pretax Net Income



put the matter another way, the growth of company giving has lagged behind the growth of pretax profits since 1969 because inflation has caused profits to rise faster than companies raised their contributions budgets.

Giving Budgets Lagged Behind Profit Growth

The budget-setting mechanism used by many leading corporations lends considerable support to this hypothesis. Contributions budgets are usually drawn up and approved by management well in advance of the year in which company giving takes place, and in many instances such budgets are based on estimated profits for the year during which contributions budgets are prepared rather than on estimated profits for the year in which the giving will actually occur. Thus, in a period of accelerated profits, measuring actual giving as a percentage of the PTNI in the year in which the giving occurs provides a very poor measure of corporate intentions in the contributions area.

A simple test of this hypothesis is to calculate contributions as a percentage of PTNI in the previous year. These percentages are shown in the table on page 5.

These figures indicate that although there have been marked annual fluctuations, the trend over the

last 20 years has been absolutely flat, both for total contributions and for educational support. The percentage of educational support to previous year's PTNI has averaged 0.41% over this period, and the range, plus or minus, has been about 0.07%. For total contributions, the average has been 1.14% with a range of 0.21%.

The apparent downtrends in contributions percentages in the 1970s, which are shown on Chart 2, where they are measured against profits of the same year, are primarily reflections of the influence of inflation on profits. The relationship between contributions in a given year and PTNI in the previous year show no such downtrends.

An Increased Impact on Higher Education

The grim realities of the steady-state situation in higher education, coupled with the pressure of inflation on institutional costs and the sluggishness of some of the major sources of revenue, make welcome any evidence of increased voluntary support. The current uptrend in corporate support of education is a salutary development.

Corporate Contributions as Percentages of Pretax Net Income in Previous Year

	Total Contributions	Support of Education
1959	1.173%	0.389%
1960	0.934	0.345
1961	1.056	0.392
1962	1.224	0.412
1963	1.226	0.420
1964	1.263	0.433
1965	1.213	0.437
1966	1.070	0.399
1967	1.029	0.390
1968	1.300	0.459
1969	1.232	0.438
1970	0.956	0.384
1971	1.210	0.483
1972	1.231	0.445
1973	1.220	0.426
1974	1.036	0.384
1975	0.947	0.355
1976	1.217*	0.457
1977	1.090*	0.391
1978	1.169*	0.404
1979	1.112*	0.393

* Based on preliminary estimates of total contributions.

Table II
Corporate Support of Colleges and Universities in Relation to Total Voluntary Support and Institutional Expenditures

Year	Total Expenditures of Institutions of Higher Education* (billions)	Voluntary Support of Institutions of Higher Education** (millions) Total	Corporate	Voluntary Support as a Percentage of Institutional Expenditures Total	Corporate	Corporate Support as a Percentage of Total Voluntary Support
1951-52	$ 2.9	$ 297	$ 40	10.2%	1.4%	13.4%
1952-53	3.1	351	50	11.3	1.6	14.3
1953-54	3.4	394	60	11.6	1.8	15.2
1954-55	3.7	475	65	12.8	1.8	13.6
1955-56	4.1	575	75	14.0	1.8	13.0
1956-57	4.9	840†	87	17.1	1.8	10.4
1957-58	5.3	715	90	13.4	1.7	12.6
1958-59	6.2	760	119	12.3	1.9	15.7
1959-60	6.7	815	130	12.1	1.9	16.0
1960-61	7.7	900	147	11.7	1.9	16.3
1961-62	8.5	950	154	11.2	1.8	16.2
1962-63	10.2	1,050	169	10.3	1.7	16.1
1963-64	11.3	1,215	182	10.8	1.6	15.0
1964-65	12.9	1,400	196	10.9	1.5	14.0
1965-66	15.2	1,440	230	9.5	1.5	16.0
1966-67	17.5	1,480	249	8.5	1.4	16.8
1967-68	19.9	1,600	250	8.0	1.3	15.6
1968-69	22.0	1,800	272	8.2	1.2	15.1
1969-70	24.7	1,780	269	7.2	1.1	15.1
1970-71	27.1	1,860	259	6.9	1.0	13.9
1971-72	29.2	2,020	275	6.9	0.9	13.6
1972-73	31.4	2,240	318	7.1	1.0	14.2
1973-74	34.3	2,240	354	6.5	1.0	15.8
1974-75	38.9	2,160	357	5.6	0.9	16.5
1975-76	42.7	2,410	379	5.6	0.9	15.7
1976-77	46.3	2,670	446	5.8	1.0	16.7
1977-78	49.6	3,040	508	6.1	1.0	16.7
1978-79p.	54.0	3,500	585	6.4	1.1	16.7
1979-80f.	58.5	3,850	640	6.6	1.1	16.6

* U.S. Department of Health, Education, and Welfare.
** Estimates by CFAE from Surveys of Voluntary Support of Education, from government documents and other sources. Some of the data prior to 1964-65 reflect interpolations of biennial data.
† Includes roughly $200 million in nonrecurring faculty salary endowment grants received from the Ford Foundation.
p.—preliminary; f.—forecast

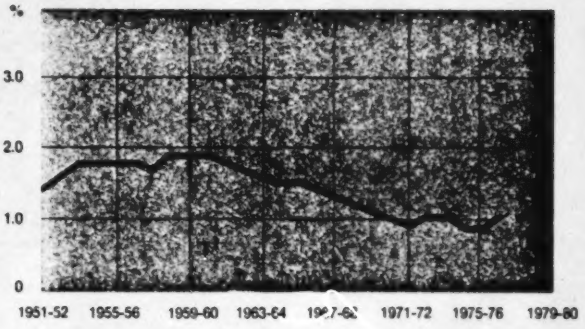
As indicated in Table XI (page 15), more than 70% of corporate aid to education represents support of colleges and universities. This implies that of the total of $715 million estimated corporate support, institutions of higher education received almost $585 million in 1978-79, and support may reach a level of $640 million in 1979-80. These figures and their historical counterparts are shown in Table II, in the context of college and university expenditures and total voluntary support.

Although some of the figures for the three most recent years shown are very preliminary estimates, they are based on known facts and observed relationships. Even with a liberal allowance for the errors of estimate, they tell an important story.

Of greatest importance is the decrease in the rate of growth of institutional expenditures. The average annnual increase of such expenditures was 13.9% in the 1960s; if that rate had continued throughout the 1970s, the total for the current academic year (1979-80) would be $91 billion rather than $58.5 billion, as estimated. The lower figure implies a growth rate of 9.0% for the 1970s, with most of the increase concentrated in the first half of the decade.

This slowing in the growth of college and university expenditures is due to the emergence of a steady state in student enrollment after more than 20 years of exceptional expansion. Inflation is now the major force causing upward pressure on costs and expenditures. Indeed, the current estimates of institutional expenditures show a year-to-year rise that is smaller than the increase of prices, which implies that real expenditures are decreasing.

Chart 3
Corporate Support of Colleges and Universities as a Percentage of Institutional Expenditures



Concurrently with this development there is in process a resurgence of the growth of voluntary support in general and corporate support in particular, with the result that private support is now rising as a percentage of college and university expenditures. As is evident on Chart 3, corporate support was close to 2% of institutional budgets in the late 1950s. In the early 1960s, it began to decline, and after a decade it was below the 1% level. If the estimates for 1978-79 and 1979-80 are reasonably accurate, corporate support is now at the 1.1% level, the highest since 1969-70. Given a further slowing of expenditures as enrollment begins to decline, and given a continuation of the growth of corporate support, the percentage will inevitably rise further during the 1980s.

PART II

The Survey Findings

Data in this part reflect only the information provided by 759 companies that participated in the fifth Annual Survey of Corporate Contributions. The relationship between these figures and the national estimates presented in Part I is discussed in Appendix II.

Summary for 1978

The corporate community increased its contributions significantly, both in dollars and as a percentage of pretax net income, in 1978, and corporate support of education rose in step with the gain in total contributions.

A grand total of $693.2 million in charitable contributions was reported by the 759 companies in the 1978 Survey. The distribution of this sum by purpose is shown in Table III together with similar data from the 1976 and 1977 Surveys. The dollar total shown for 1978 is 16.7% more than that shown for 1977 and 34.3% more than for 1976, despite a slightly smaller number of companies. Corporate support of education in 1978 (including support of economic education) was 16.5% more than in 1977 and 33.2% more than in 1976.

Table III
Distribution of Corporate Contributions

	1978 759 companies (millions)		1977* 814 companies (millions)		1976* 773 companies (millions)	
Health and Welfare	$255.9	36.9%	$227.6	38.3%	$203.1	39.3%
Education	256.3	37.0	220.0	37.0	192.4	37.3
Culture and Arts	70.0	10.1	53.2	9.0	42.2	8.2
Civic Activities	79.0	11.4	68.3	11.5	57.0	11.0
Other	32.0	4.6	24.8	4.2	21.5	4.2
	$693.2	100.0%	$593.9	100.0%	$516.2	100.0%

* Some of the figures for 1976 and 1977 have been adjusted to insure comparability with the classifications used in 1978. Contributions to economic education, which were previously included in "Other," are now included in "Education."

Contributions in Relation to Financial Data

Table IV shows contributions information in relation to worldwide pretax net income, assets, and sales for each of the last five years. Similar data on a domestic basis are shown in Table V. In both cases the 1978 figures include support of economic education while the earlier years' figures do not; the dollar differences are not significant.

The worldwide financial data generally reflect the information given in the companies' public financial statements and are consistent with the tabulated figures on corporate finance reported by various U.S. government agencies. The 711 companies reporting this information in the 1978 Survey showed very significant gains over the amounts reported by the companies participating in the four previous years' Surveys. In comparison to 1977, the 1978

Table IV
Total Contributions and Educational Support in Relation to "Worldwide" Pretax Net Income, Assets, and Sales

	1978* 711 companies (000 omitted)	1977 749 companies (000 omitted)	1976 727 companies (000 omitted)	1975 741 companies (000 omitted)	1974 732 companies (000 omitted)
Total Contributions	$ 671,721	$ 573,517	$ 505,180	$ 417,994	$ 420,128
Support of Education	248,334	204,127	185,442	149,148	147,659
Pretax Net Income	138,496,000	119,966,200	103,295,200	77,943,200	85,258,800
Total Assets	2,082,603,800	1,939,027,600	1,689,047,900	1,443,851,600	1,373,024,800
Net Sales	1,335,164,600	1,220,759,200	1,014,639,000	874,517,400	848,496,200
Total Contributions as a Percentage of:					
Pretax Net Income	0.485	0.478	0.489	0.536	0.493
Total Assets	0.032	0.030	0.030	0.029	0.031
Net Sales	0.050	0.047	0.050	0.048	0.050
Support of Education as a Percentage of:					
Pretax Net Income	0.179	0.170	0.180	0.191	0.173
Total Assets	0.012	0.011	0.011	0.010	0.011
Net Sales	0.019	0.017	0.018	0.017	0.017
Support of Education as a Percentage of Total Contributions	37.0	35.6	36.7	35.7	35.1

* Data shown for 1978 differ slightly from 1977 and earlier years. Contributions for economic education, which amounted to approximately $11 million in 1978, are now included under support of "Education" instead of "Other."

data show 17.1% more in total contributions and 21.7% more in support of education (of which about four percentage points reflect the inclusion of economic education in 1978). The total PTNI was 15.4% greater, and there were gains of 7.4% and 9.4% for total assets and net sales, respectively. In relation to PTNI, total contributions were up slightly in 1978 as compared to 1977; however, the 1978 percentage was lower than those for 1975 and 1976. The percentages of total contributions to total assets and net sales were as high as or higher than in any of the preceding four years.

Corporate support of education, with a rough adjustment for the inclusion of economic education in the 1978 figure, exhibits much the same pattern. The percentage of educational support to PTNI was slightly higher in 1978 than in 1977, but lower than in 1975 and 1976. In relation to total assets and net sales, educational support was as high as or higher than in any of the earlier Surveys.

Since the contributions data generally exclude corporate gifts and grants made outside the United States and the worldwide financial information includes the income, assets, and sales attributable to the foreign operations of multinational companies, there is some interest in relating corporate contributions to domestic financial information. Although there are no comparable data available on this basis for the corporate community as a whole, Table V shows this information for the 528 companies that supplied such figures in the Survey.

Table VI
Structure of Corporate Contributions
(Millions of Dollars)

	1978	1977	1976
Total company giving	$834.4 (740)	$639.9 (793)	$531.7 (743)
Less: Grants to company foundations	418.7 (249)	285.1 (248)	207.7 (227)
Other company contributions	415.7 (697)	354.8 (731)	324.0 (694)
Plus: Contributions by company foundations	277.5 (329)	240.9 (341)	195.7 (320)
Total corporate contributions	$693.2 (759)	$595.7 (816)	$519.7 (773)

(Numbers in parentheses are counts of non-zero answers.)

Increased Support of Company Foundations

The contributions data in this Survey include unique information on the flow of funds into and out of company-sponsored foundations. As indicated in Appendix II, the figures used in this report are adjusted to show the net contributions of companies and their foundations. Table VI shows these data for the reporting companies. The actual contributions reported by 740 companies for 1978 amounted to more than $834 million, or 30.4% more than was reported by 793 companies for 1977. However, the 1978 figure includes $419 million which was given to corporate foundations, an increase of 46.9% over the amount so given in 1977. The grants made by company foundations in 1978 were $278 million, or 15.2% more than in 1977. The excess of grants to company foundations over the grants made by company foundations amounted to

Table V
Total Contributions and Educational Support In Relation to "U.S. Only" Pretax Net Income, Assets, and Sales

	1978* 528 companies (000 omitted)	1977 552 companies (000 omitted)	1976 531 companies (000 omitted)	1975 522 companies (000 omitted)	1974 547 companies (000 omitted)
Total Contributions	$ 411,676	$ 317,388	$ 279,319	$ 215,155	$ 231,452
Support of Education	145,458	105,447	90,049	70,731	75,044
Pretax Net Income	68,835,900	56,553,100	45,830,600	30,683,700	34,726,300
Total Assets	1,184,678,000	1,088,750,400	931,750,700	663,909,600	738,866,600
Net Sales	660,723,400	588,315,900	465,280,800	352,841,500	383,556,200
Total Contributions as a Percentage of:					
Pretax Net Income	0.598	0.561	0.610	0.701	0.667
Total Assets	0.034	0.029	0.030	0.032	0.031
Net Sales	0.062	0.053	0.060	0.061	0.060
Support of Education as a Percentage of:					
Pretax Net Income	0.211	0.187	0.200	0.231	0.216
Total Assets	0.012	0.010	0.010	0.011	0.010
Net Sales	0.022	0.018	0.019	0.020	0.020
Support of Education as a Percentage of Total Contributions	35.3	33.2	32.2	32.9	32.4

* See footnote on Table IV.

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$141 million in 1978 as compared to $44 million in 1977.

For the three years ending 1978, the difference between foundation receipts and foundation contributions totaled nearly $200 million. This increase in foundation assets constitutes an increase in the reserve for future charitable giving that will be available to sustain corporate contributions in the event of a future downturn in corporate profits. In 1975, a year when such downturn did occur, previously accumulated foundation reserves were used not only to sustain foundation giving but also to provide for a small increase even though company grants to their sponsored foundations were down significantly from 1974.

Contributions by the reporting companies to their sponsored foundations in 1978 were actually larger than the amounts given directly to charitable and educational organizations. These direct contributions amounted to $416 million, or 17.2% more than in 1977. Taken together, direct company contributions plus grants made by company foundations were $693 million, which is the net amount of giving by companies and their foundations in 1978.

Two-Year Trends in Giving

In view of the variable characteristics of the Survey sample in terms of the companies responding, the most meaningful indication of the year-to-year changes is provided by a core group of companies that reported comprehensive information in both 1977 and 1978. There were 547 such companies reporting worldwide pretax net income in both years, and the comparative results are shown in Table VII together with a breakdown by industrial groups.

Table VII
Support of Education, Two Survey Years
(547 Companies Participating in Both Surveys)

Industry	1978 Worldwide Pretax Net Income (000)	1978 Support of Education* Amount	% of PTNI	% of Total Contributions	1977 Worldwide Pretax Net Income (000)	1977 Support of Education* Amount	% of PTNI	% of Total Contributions	% Change 1977-1978
MANUFACTURING(289)	$ 90,450,200	$184,185,100	.204	42.6	$ 80,247,200	$152,263,700	.190	40.7	+21.0
Chemicals and Allied Products (Total)(49)	13,946,500	36,234,600	.260	46.2	11,296,700	31,784,400	.281	45.3	+14.0
Chemicals(35)	11,050,500	27,739,400	.251	46.2	9,085,600	25,334,400	.279	45.5	+ 9.5
Pharmaceuticals(14)	2,896,000	8,495,200	.293	45.9	2,211,100	6,450,000	.292	44.8	+31.7
Electrical Machinery(29)	12,038,900	28,693,600	.220	44.8	11,426,900	23,473,300	.205	42.2	+22.2
Fabricated Metal(21)	1,402,900	2,674,600	.190	34.8	1,181,400	2,167,700	.184	31.9	+23.4
Food, Beverage & Tobacco(30)	5,261,000	13,181,800	.251	40.1	4,587,600	9,356,300	.204	36.4	+40.9
Machinery(37)	4,998,800	7,927,700	.159	34.3	4,247,200	6,299,900	.148	32.2	+25.8
Mining(9)	410,900	1,637,000	.398	47.7	333,000	1,569,100	.471	48.7	+ 4.3
Paper and Allied Products(17)	2,579,500	6,975,500	.270	24.7	2,031,800	5,117,000	.252	25.3	+36.3
Petroleum & Gas(26)	31,884,700	45,552,000	.143	49.0	30,041,500	36,775,500	.122	46.1	+24.0
Primary Metal(15)	2,220,100	8,543,900	.385	37.7	601,400	9,361,900	1.557	39.5	— 8.7
Printing & Publishing(4)	295,800	1,088,400	.368	35.3	236,400	651,500	.276	37.8	+67.1
Rubber(9)	619,600	2,537,000	.410	38.5	851,600	2,019,100	.237	32.7	+25.7
Stone, Clay & Glass(11)	1,048,800	3,705,300	.353	36.1	959,600	2,691,000	.280	34.0	+37.7
Textiles & Apparel(14)	922,000	3,475,700	.377	42.3	917,600	3,167,000	.345	36.0	+ 9.7
Transportation Equipment(18)	11,814,500	21,918,000	.186	43.1	11,534,600	17,830,000	.155	39.4	+22.9
NONMANUFACTURING(258)	33,545,100	45,972,700	.137	26.7	29,030,600	37,869,700	.130	25.6	+21.4
Banks(62)	5,159,700	9,326,600	.181	25.1	3,859,600	7,951,300	.206	24.2	+17.3
Business Services(7)	633,100	924,000	.146	32.0	525,100	709,200	.135	29.0	+30.3
Engineering & Construction(6)	837,400	872,500	.104	37.6	792,700	847,000	.107	42.7	+ 3.0
Finance(10)	788,100	979,900	.124	20.6	652,300	700,600	.107	27.8	+39.9
Insurance (Total)(75)	6,855,000	11,813,100	.172	36.8	5,717,900	9,321,500	.163	33.0	+26.7
Life(53)	4,539,500**	9,412,800	.207	38.0	3,846,900**	7,460,700	.194	33.9	+26.2
Property/Liability(22)	2,315,500***	2,400,300	.104	33.0	1,870,900***	1,860,800	.100	29.9	+29.0
Merchandising(15)	3,495,300	6,593,500	.189	17.0	2,873,100	5,159,300	.180	16.4	+27.8
Telecommunications(14)	6,673,000	7,695,800	.115	29.3	6,235,600	6,421,500	.103	28.1	+19.8
Transportation(7)	1,040,500	1,838,700	.177	35.6	1,030,600	1,295,500	.126	31.9	+41.9
Utilities(62)	8,063,000	5,928,600	.074	26.2	7,343,700	5,463,700	.074	25.6	+ 8.5
TOTAL(547)	$123,995,300	$230,157,800	.186	38.1	$109,277,800	$190,133,300	.174	36.5	+21.1

* Educational support data for 1978 not strictly comparable to data for 1977. Support of economic education, which for these 547 companies amounted to $10 million in 1978, is included in 1978 data; such support, which amounted to about $6.7 million in 1977, is excluded from 1977 data. An industry breakdown of support of economic education is not available, except as shown in Table XI.
** Net gains less policyholder dividends.
*** Net income less policyholder dividends and capital gains.

These data show that contributions increased somewhat more in 1978 than did pretax net income, with the result that contributions increased slightly as a percentage of PTNI. The year-to-year increase in PTNI amounted to 13.5%, while total contributions gained 15.9% and corporate support of education, adjusted to include support of economic education in both years, rose 16.9%. There were no significant changes in the other data.

It should be noted that manufacturing companies account for a disproportionate share of the dollar figures for this core group. Total PTNI for the 289 manufacturers amounted to 73% of total PTNI for the 547 core companies whereas manufacturers account for less than 50% of the national PTNI for all corporations.

Similarly, support of education by manufacturing companies was more than four times the amount reported by nonmanufacturers. There were material differences in educational support as a percentage of PTNI and as a share of total contributions between manufacturers and nonmanufacturers. The overall figures shown in Table VII are more heavily influenced by the manufacturing sector than is the case nationally. This pattern is similar to that in prior years' Surveys and merely reflects the bias of the Survey sample in terms of industry coverage.

Comparisons of the year-to-year changes for specific industries as shown in Table VII are slightly distorted. Most of the groups listed show an increase in 1978 of educational support in dollars and as percentages of both PTNI and total contributions, but an unknown part of the gains is attributable to economic education grants. These were not included in the 1977 data. The noteworthy cases are those that show a year-to-year decrease.

The primary metal group was the only industry to show a dollar decline in educational support in 1978, and that appears to be associated with an abnormally low level of PTNI in 1977. Although the dollar levels of educational support increased in the chemicals, mining, banking, and engineering and

Table VIII
Total Contributions and Educational Support in Relation to Worldwide Pretax Net Income, Assets, and Sales, by Industry, 1978

Industry	Pretax Net Income (000)	Assets (000)	Net Sales (000)	Total Contributions	Support of Education	Support of Health & Other
MANUFACTURING(366)	$ 97,841,000	$ 667,609,700	$ 945,040,200	$467,857,200	$195,790,200	$272,067,000
Chemicals and Allied Products (Total)(55)	14,575,500	94,766,500	111,102,200	82,354,700	38,031,100	44,323,600
Chemicals(40)	11,616,600	78,438,500	94,197,400	63,420,100	29,290,800	34,129,300
Pharmaceuticals(15)	2,958,900	16,328,000	16,904,800	18,934,600	8,740,300	10,194,300
Electrical Machinery(39)	13,489,400	72,961,900	93,828,900	66,121,500	29,258,100	36,863,400
Fabricated Metal(26)	1,472,400	11,857,000	17,580,500	7,996,600	2,852,500	5,144,100
Food, Beverage & Tobacco(41)	7,378,000	51,362,100	87,692,100	43,783,500	16,303,800	27,479,700
Machinery(48)	5,421,100	42,414,500	53,924,800	25,542,000	8,610,900	16,931,100
Mining(9)	410,900	8,441,500	5,190,400	3,429,100	1,637,000	1,792,100
Paper and Allied Products(23)	2,912,900	26,381,200	29,662,600	30,647,300	7,751,700	22,895,600
Petroleum & Gas(31)	32,958,500	207,930,400	285,397,200	95,431,800	46,652,600	48,779,200
Primary Metal(18)	2,668,200	32,127,600	41,136,300	24,512,700	8,954,300	15,558,400
Printing & Publishing(9)	730,400	4,046,400	4,814,900	6,399,700	2,361,400	4,038,300
Rubber(10)	621,200	14,626,700	20,964,900	6,604,200	2,539,600	4,064,500
Stone, Clay & Glass(13)	1,278,200	11,234,000	14,147,800	11,021,100	3,936,500	7,084,600
Textiles & Apparel(19)	1,095,900	8,499,000	13,492,900	9,386,900	3,794,200	5,592,700
Transportation Equipment(25)	12,828,500	80,960,900	166,104,700	54,626,000	23,106,400	31,519,600
NONMANUFACTURING(345)	40,655,000	1,141,994,100	390,124,400	203,862,700	52,543,900	151,319,800
Banks(90)	5,750,400	658,976,200*	38,723,300	43,759,300	10,730,400	33,028,900
Business Services(11)	1,009,500	19,123,400	9,267,600	5,046,100	1,775,100	3,271,000
Engineering & Construction(10)	863,200	5,505,100	10,080,200	2,639,500	976,300	1,663,100
Finance(11)	792,700	28,779,000*	8,314,500	4,773,900	981,700	3,792,300
Insurance (Total)(90)	7,655,800	361,539,800	104,686,600	35,702,200	12,891,400	22,810,800
Life(64)	5,082,300**	292,448,100	76,580,300†	26,876,500	10,063,800	16,812,700
Property/Liability(26)	2,573,500***	69,091,700	28,106,300‡	8,825,700	2,827,600	5,998,100
Merchandising(23)	3,809,600	40,218,800	69,792,100	41,907,200	7,040,300	34,867,000
Telecommunications(19)	9,681,500	126,344,200	67,402,200	34,592,800	8,927,400	25,665,500
Transportation(10)	1,402,200	26,613,700	18,240,900	8,284,900	2,183,100	6,101,800
Utilities(81)	9,690,200	147,894,000	63,616,900	27,157,800	7,038,300	20,119,500
TOTAL(711)	$138,496,000	$2,082,603,800	$1,335,164,600	$671,720,900	$248,334,000	$423,386,800
Totals for 749 companies participating in 1977 Survey	$119,966,200	$1,939,027,600	$1,220,759,200	$573,516,700	$204,126,900	$369,389,700

* Total operating income.
** Net gains less policyholder dividends.
*** Net income less policyholder dividends and capital gains.
† Income less policyholder dividends.
‡ Earned premiums less policyholder dividends.
Note—Because of rounding, details may not add to totals.

Table VIIIa
Educational Support as a Percentage of Pretax Net Income, by Industry, 1978

	%
Rubber	.409
Mining	.398
Textiles & Apparel	.346
Primary Metal	.336
Printing & Publishing	.323
Stone, Clay & Glass	.308
Pharmaceuticals	.295
Paper and Allied Products	.266
Chemicals	.252
Food, Beverage & Tobacco	.221
Electrical Machinery	.217
ALL MANUFACTURING	.200
Life Insurance	.198
Fabricated Metal	.194
Banks	.187
Merchandising	.185
Transportation Equipment	.180
ALL COMPANIES	.179
Business Services	.176
Machinery	.159
Transportation	.156
Petroleum & Gas	.142
ALL NONMANUFACTURING	.129
Finance	.124
Engineering & Construction	.113
Property/Liability Insurance	.110
Telecommunications	.092
Utilities	.073

construction industries, such support decreased as a percentage of PTNI for these industries. Educational support decreased as a percentage of total contributions for mining, primary metal, printing and publishing, engineering and construction, and finance.

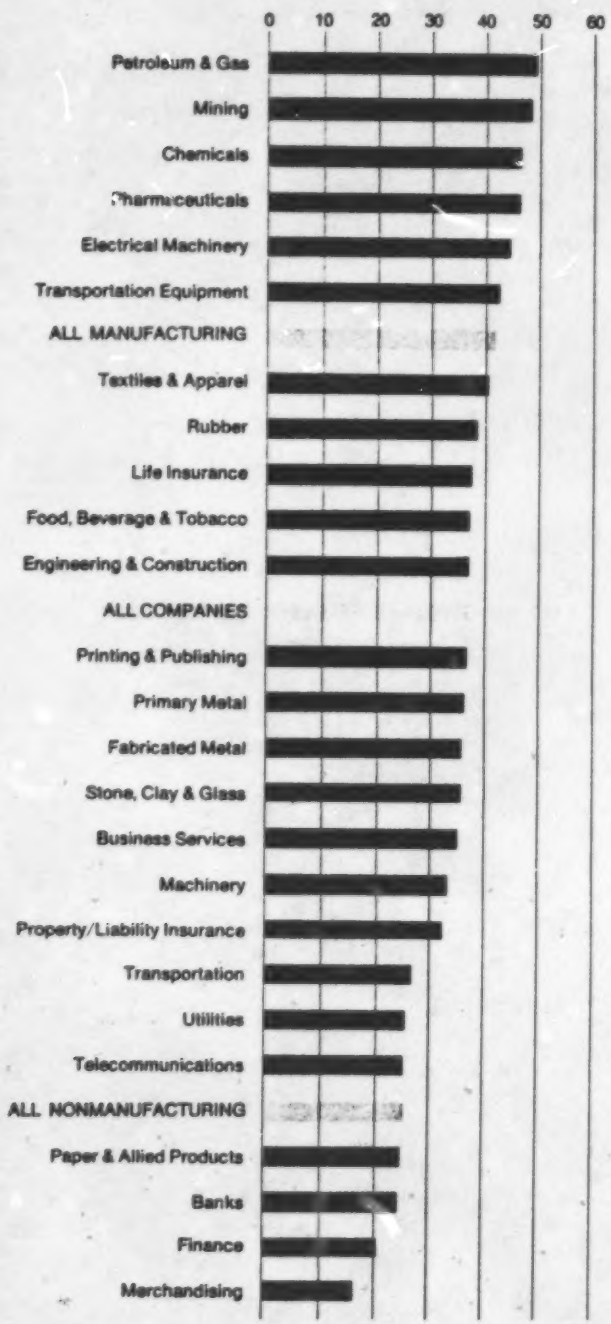
Educational Support, by Industry

As was indicated in Table IV, there were 711 companies in the 1978 Survey that provided complete and comprehensive information on both their finances and their contributions. The detailed figures, by industry, for this group of companies are shown in Table VIII together with summary figures for 749 companies providing comparable information in the 1977 Survey.

Despite the smaller number of companies reporting, all the dollar figures relating to both corporate finance and contributions were larger for 1978 than for 1977. And the percentages of total contributions and educational support to PTNI, assets, and sales

Total Contributions as a % of: PTNI	Assets	Net Sales	Educational Support as a % of: PTNI	Assets	Net Sales	Percentage of Total Contributions to: Education	Health & Other	Industry
.478	.070	.050	.200	.029	.021	41.8	58.2	MANUFACTURING(366)
.057	.087	.074	.261	.040	.034	46.2	53.8	Chemicals and Allied Products (Total)(55)
.546	.081	.067	.252	.037	.031	46.2	53.8	Chemicals(40)
.640	.116	.112	.295	.054	.052	46.2	53.8	Pharmaceuticals(15)
.490	.091	.071	.217	.040	.031	44.2	55.8	Electrical Machinery(39)
.543	.067	.046	.194	.024	.016	35.7	64.3	Fabricated Metal(26)
.593	.085	.050	.221	.032	.019	37.2	62.8	Food, Beverage & Tobacco(41)
.471	.060	.047	.159	.020	.016	33.7	66.3	Machinery(48)
.835	.041	.066	.398	.019	.032	47.7	52.3	Mining(9)
1.052	.116	.103	.266	.029	.026	25.3	74.7	Paper and Allied Products(23)
.290	.046	.033	.142	.022	.016	48.9	51.1	Petroleum & Gas (31)
.919	.076	.060	.336	.028	.022	36.5	63.5	Primary Metal(18)
.876	.158	.133	.323	.058	.049	36.9	63.1	Printing & Publishing(9)
1.063	.045	.032	.409	.017	.012	38.5	61.5	Rubber(10)
.862	.098	.078	.308	.035	.028	35.7	64.3	Stone, Clay & Glass(13)
.857	.110	.070	.346	.045	.028	40.4	59.6	Textiles & Apparel(19)
.426	.068	.033	.180	.029	.014	42.3	57.7	Transportation Equipment(25)
.501	.014	.052	.129	.004	.014	25.8	74.2	NONMANUFACTURING(345)
.761	.007	.113	.187	.002	.028	24.5	75.5	Banks(90)
.500	.026	.054	.176	.009	.019	35.2	64.8	Business Services(11)
.306	.048	.026	.113	.018	.010	37.0	63.0	Engineering & Construction(10)
.602	.017	.057	.124	.003	.012	20.6	79.4	Finance(11)
.466	.010	.034	.168	.004	.012	36.1	63.9	Insurance (Total)(90)
.529	.009	.035	.198	.003	.013	37.4	62.6	Life(64)
.343	.013	.031	.110	.004	.010	32.0	68.0	Property/Liability(26)
1.100	.104	.060	.185	.018	.010	16.8	83.2	Merchandising(23)
.357	.027	.051	.092	.007	.013	25.8	74.2	Telecommunications(19)
.591	.031	.045	.156	.008	.012	26.4	73.6	Transportation(10)
.280	.016	.043	.073	.005	.011	25.9	74.1	Utilities(81)
.485	.032	.050	.179	.012	.019	37.0	63.0	TOTAL(711)
.478	.030	.047	.170	.011	.017	35.8	64.4	Totals for 749 companies participating in 1977 Survey

Chart 4
Educational Support as a Percentage of Total Contributions, by Industry, 1978



were higher in 1978 than in 1977. Educational support as a percentage of total contributions also increased in 1978, but most of the rise merely reflects the inclusion of grants in support of economic education in 1978.

The reporting companies, as a group, accounted for more than two-thirds of total corporate support of education. This reflects the fact that the survey sample contains a relatively large number of large companies and a relatively small number of small companies. Had the companies in this sample provided educational support at the same level relative to PTNI as was true for all corporations, their educational support in 1978 would have been more than $480 million, or nearly twice as much as actually reported.

Leadership Patterns Continue

Chart 4 shows the various industry groups ranked according to the percentage of educational support to total contributions. There was substantial agreement between this ranking for 1978 and similar rankings from past Surveys. The petroleum and gas, mining, pharmaceuticals, and chemicals industries typically appear at the top, and the merchandising, banking, and paper and allied products industries appear at the bottom.

Table VIIIa shows a similar ranking by educational support as a percentage of PTNI. This ranking tends to be relatively unstable, primarily because of variations in the cyclical characteristics of PTNI between industries. For example, the rubber industry moved up from 10th on the 1977 list to first on the 1978 list because of a significant decline in PTNI from 1977 to 1978. Similarly, the primary metal industry dropped from first in 1977 to fourth in 1978 because its PTNI recovered from a depressed level in 1977. Aside from such individual developments, there is considerable consistency in the rankings from year to year.

Educational Support, by Size of Company

The relationships between contributions data and financial data vary not only by industry but also by company size. This pattern is shown in Table IX, which is limited to the 366 companies in manufacturing industries that reported in the 1978 Survey. The lack of homogeneity among nonmanufacturers makes it inappropriate to show such variations for these companies.

The general pattern revealed by these figures is virtually identical to that shown in prior years' Surveys. There is an inverse correlation between

company size and contributions expressed as percentages of PTNI, assets, and net sales—that is, the larger the company, the smaller the percentages of its contributions to all three financial measures. This holds true for total contributions, for support of education, and for noneducational contributions.

On the other hand, there is a direct correlation between company size and educational support as a percentage of total contributions—that is, the larger the company, the larger the share of education in its total giving, whether size is measured in terms of PTNI, assets, or net sales.

Because of these correlations, it is clear that the largest companies have a disproportionate impact on the overall results. For example, the 20 largest companies, all of which reported $1 billion or more of PTNI, accounted for 52.8% of total PTNI, 37.0% of total contributions, and 42.8% of educational support for all 366 manufacturers. Had these 20 companies supported education at the same percentage of their PTNI as the other 346 companies, they would have given nearly $156 million more to education in 1978 than they actually did. On the other hand, if all manufacturing companies had given as large a share of their total contributions in the form of educational support as did the 20 largest companies, then educational support would have been nearly $31 million more than was actually reported.

Table IX
Contributions by Manufacturing Companies, by Purpose, 1978

As a Percentage of Worldwide Pretax Net Income, by Size of PTNI

	Total	Education	Health & Other	% of Total Contributions: Education	% of Total Contributions: Health & Other
Net Loss(6)				39.7	60.3
Net Income less than $5 million(26)	2.27	.49	1.79	21.4	78.6
$ 5 million under $ 10 million(21)	1.62	.40	1.22	24.5	75.5
$ 10 million under $ 25 million(61)	.98	.30	.69	30.3	69.7
$ 25 million under $ 50 million(44)	.67	.23	.44	34.6	65.4
$ 50 million under $100 million(54)	.66	.24	.42	36.1	63.9
$100 million under $250 million(78)	.64	.23	.41	36.4	63.6
$250 million under $500 million(38)	.62	.23	.39	37.7	62.3
$500 million under $ 1 billion(18)	.53	.23	.30	43.6	56.4
$ 1 billion and over(20)	.34	.16	.17	48.4	51.6
All Manufacturing Companies(366)	.48	.20	.28	41.8	58.2

As a Percentage of Worldwide Total Assets, by Size of Assets

	Total	Education	Health & Other	% of Total Contributions: Education	% of Total Contributions: Health & Other
Less than $5 million(2)	.22	.07	.15	31.5	68.5
$ 5 million under $ 25 million(1)	1.33	.95	.37	71.9	28.1
$ 25 million under $ 50 million(16)	.13	.04	.10	27.6	72.4
$ 50 million under $100 million(34)	.12	.03	.09	25.0	75.0
$100 million under $250 million(67)	.10	.03	.07	32.5	67.5
$250 million under $500 million(58)	.09	.03	.06	36.9	63.1
$500 million under $ 1 billion(39)	.09	.03	.06	33.5	66.5
$ 1 billion under $ 2.5 billion(84)	.08	.03	.05	37.6	62.4
$ 2.5 billion under $ 5 billion(37)	.08	.03	.05	41.9	58.1
$ 5 billion under $ 10 billion(16)	.06	.03	.03	45.6	54.4
$ 10 billion and over(12)	.06	.03	.03	47.3	52.7
All Manufacturing Companies(366)	.07	.03	.04	41.8	58.2

As a Percentage of Worldwide Net Sales, by Size of Sales

	Total	Education	Health & Other	% of Total Contributions: Education	% of Total Contributions: Health & Other
Less than $25 million(2)	.08	.02	.05	31.5	68.5
$ 25 million under $ 50 million(4)	.22	.14	.08	63.9	36.1
$ 50 million under $100 million(23)	.10	.04	.06	40.6	59.4
$100 million under $250 million(59)	.06	.02	.04	28.8	71.2
$250 million under $500 million(56)	.08	.02	.06	29.9	70.1
$500 million under $ 1 billion(54)	.05	.02	.03	36.9	63.1
$ 1 billion under $ 2.5 billion(81)	.07	.03	.04	38.5	61.5
$ 2.5 billion under $ 5 billion(44)	.06	.02	.04	36.5	63.5
$ 5 billion under $ 10 billion(28)	.05	.02	.03	44.3	55.7
$ 10 billion and over(15)	.04	.02	.02	48.0	52.0
All Manufacturing Companies(366)	.05	.02	.03	41.8	58.2

Educational Support, by Marketing Area

Corporate support of education as a percentage of PTNI differs geographically as well as by industry and by company size. Of the 711 companies whose data were tabulated in Table VIII, 478 of them were headquartered in one of the major marketing areas.

The ranking of marketing areas by support of education as a percentage of PTNI tends to be fairly consistent from year to year, despite some minor variations in specific position. For example, nine out of the ten areas in the top half of the list in 1977 were also in the top half of the list in 1978, and two of the top four in 1977 (Pittsburgh and Cleveland) were also among the top four in 1978. The largest changes in position were San Francisco, which rose from 17th in 1977 to 10th in 1978, and Baltimore, which fell from 12th in 1977 to 19th in 1978.

Educational Support, by Purpose

Perhaps the most significant breakdowns of corporate support of education is by categories of purpose. The reporting companies supplied considerable detail about their educational support in 1978, and this is shown in Table XI together with similar data for 1977. Both years' figures include support of economic education. The most important division of corporate support of education is that between support of colleges and universities and

Chart 5
Corporate Support of Education as a Percentage of Pretax Net Income, by Marketing Areas, 1978

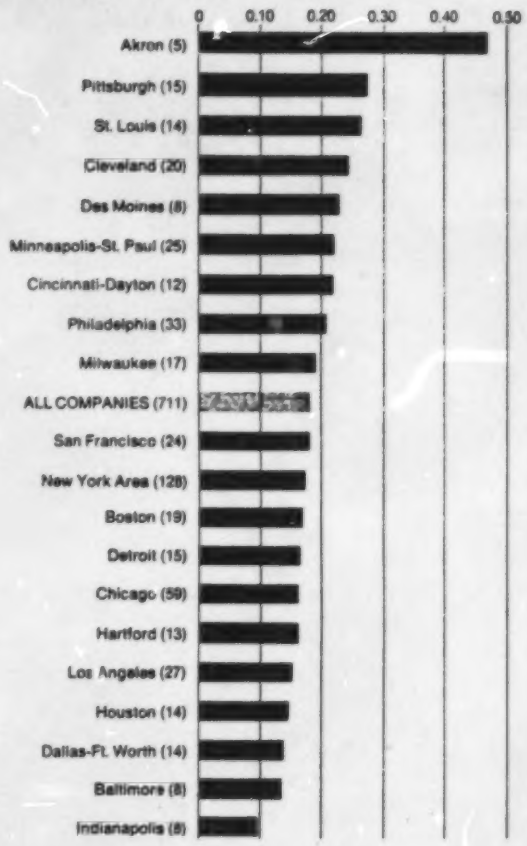


Table X
Corporate Contributions to Education by Major Marketing Areas, 1978
(Ranked as a Percentage of PTNI)

Marketing Area, with Number of Companies Reporting	Worldwide Pretax Net Income (000)	Support of Education	Support of Education as a % of PTNI*	Total Contributions	Support of Education as a % of Total Contributions
Akron(5)	$ 446,000	$ 2,068,400	.464	$ 5,215,900	39.7
Pittsburgh(15)	4,490,400	12,265,100	.273	31,208,200	39.3
St. Louis(14)	1,987,500	5,201,500	.262	15,272,900	34.1
Cleveland(20)	2,141,800	5,230,000	.244	13,783,200	37.9
Des Moines(8)	211,100	478,400	.227	1,458,800	32.8
Minneapolis-St. Paul(25)	3,529,600	7,762,500	.221	28,725,400	27.1
Cincinnati-Dayton(12)	1,909,200	4,198,900	.220	9,596,800	43.8
Philadelphia(33)	4,694,100	9,766,400	.208	27,317,200	35.8
Milwaukee(17)	991,700	1,850,100	.187	5,522,000	33.5
San Francisco(24)	6,209,200	11,005,200	.177	27,837,000	39.5
New York, Westchester Southern Conn./N.J.(128)	49,828,700	85,235,700	.171	210,449,000	40.5
Boston(19)	1,329,700	2,237,300	.168	6,896,400	32.4
Detroit(15)	10,740,800	17,876,700	.166	40,483,200	44.2
Chicago(59)	10,001,900	16,138,000	.161	56,511,400	28.6
Hartford(13)	2,383,700	3,844,100	.161	12,204,000	31.5
Los Angeles(27)	5,249,300	8,199,000	.156	25,458,700	32.2
Houston(14)	4,063,800	5,893,600	.145	12,588,700	46.8
Dallas-Ft. Worth(14)	1,716,700	2,320,900	.135	7,309,500	31.8
Baltimore(8)	304,800	402,500	.132	1,941,600	20.7
Indianapolis(8)	909,800	836,500	.092	3,647,100	22.9

* In view of the fact that some of the marketing areas are represented by a relatively small number of companies, major importance should not be attached to minor differences in the percentage figures.

all other kinds of educational support. The inclusion of support of economic education as a form of noninstitutional support destroys the comparisons with data for years prior to 1977. The rise of institutional support from 69.8% in 1977 to 71.2% in 1978 does not appear to be significant, since this figure has tended to fluctuate within a narrow range for several years. The allocation of institutional support by purposes, however, does show several interesting changes.

Capital Gifts Continue to Decline

Institutional support for capital purposes ("bricks and mortar" and endowment), although up slightly in dollars, dropped sharply in percentage terms, continuing a trend of several years. This appears to reflect the slowing of growth in higher education and a decline in the need for capital funds.

Unrestricted operating support, on the other hand, showed a large increase, both in dollars and as a percentage of the total.

Departmental and research grants also showed a large increase, both in dollars and as a percentage of the total. This category of educational support has trended upward in recent years, and in 1977 and 1978 was second only to unrestricted giving in relative importance.

Matching-Gift Programs

The importance of employee matching-gift programs as a category of institutional support is of some interest. The small drop of this form of support as a percentage of the total in 1978 is slightly misleading; the 1977 figure includes some gift matching to precollege institutions while the 1978 figure does not (see footnote). While it is not possible to make an accurate correction, it would appear that at least $1 million should be subtracted from the 1977 figure and included as support of precollege institutions.

The growth of matching-gift support reflects both an increase in the number of companies that have adopted such programs and the continuing liberalization of the programs themselves. Eligibility for participation is being extended to annuitants, directors, and others, the maximum gifts matched are rising, and the size of the average gift matched is growing. In addition, more and more companies are adopting some form of the multiple match, so that the size of the average match per gift is increasing. Most of the support rendered through this mechanism is unrestricted as to purpose.

Although funds designated for student aid grew in 1978, there were decreases in both the percentage represented by such grants to colleges and

Table XI
Purposes of Educational Support

	1978		1977*	
	Amount	% of Total	Amount	% of Total
Support of Colleges and Universities				
Direct Grants				
Unrestricted operating grants	$ 43,825,600	18.5	$ 34,780,000	16.9
Student financial aid	13,347,400	5.6	12,662,700	6.2
Departmental and research grants	41,816,100	17.7	31,558,700	15.4
Capital grants (including endowment)	32,428,000	13.7	31,067,000	15.1
Employee matching-gift programs**	25,228,700	10.7	22,448,800	10.9
Total Direct Grants	$156,645,800	66.1	$132,517,200	64.5
Indirect Grants through State and National Fund-Raising Groups	12,068,200	5.1	10,929,100	5.3
Total Support of Colleges and Universities	$168,714,000	71.2	$143,446,300	69.8
Precollege Educational Institutions**	7,060,900	3.0	6,434,200	3.1
Scholarships and Fellowships	20,353,100	8.6	18,711,200	9.1
Education-Related Organizations				
Economic Education	11,488,400	4.9	7,694,000	3.7
Other	11,587,000	4.9	13,715,000	6.7
Other Educational Support	17,649,200	7.4	15,226,000	7.4
Total	$236,852,600	100.0	$205,226,700	100.0
Unallocated	19,406,600		14,776,000	
Total Corporate Support of Education	$256,259,200		$220,002,700	

* These data differ from those shown in the 1977 Survey report in that support of economic education, formely not classified as educational support, is now included.
** Corporate support of precollege institutions through employee matching-gift programs in 1977 was included under direct grants to colleges and universities. Such support in 1978, which amounted to $1,852,000, is included under support of precollege educational institutions.

universities and that represented by scholarship and fellowship programs administered externally to the institutions of higher education. These percentages, however, remain well within the range of past experience. Indirect support of colleges and universities through state and national fund-raising groups has been relatively constant as a percentage of the total for several years.

Industry Differences in the Allocation of Educational Support

The distribution of educational support by purpose, by industry, for the 704 companies providing such information is shown in Table XII.

There are wide variations in the relative importance of the different types of educational support from one industry to another. Manufacturers as a group, for example, allocated significantly more of their support in the form of departmental and research grants and "other" educational support than did the nonmanufacturing companies. And nonmanufacturers collectively gave greater importance to unrestricted grants, capital grants, and employee matching-gift programs than did the manufacturing companies.

Within each category of support, the range from the highest to the lowest percentages was very large. Unrestricted operating grants, for example, accounted for 44.1% of total support by the finance companies and only 8.3% for the pharmaceutical companies. Student financial aid amounted to nearly 10% of educational support for the fabricated metal companies, but only 0.5% for the business service companies.

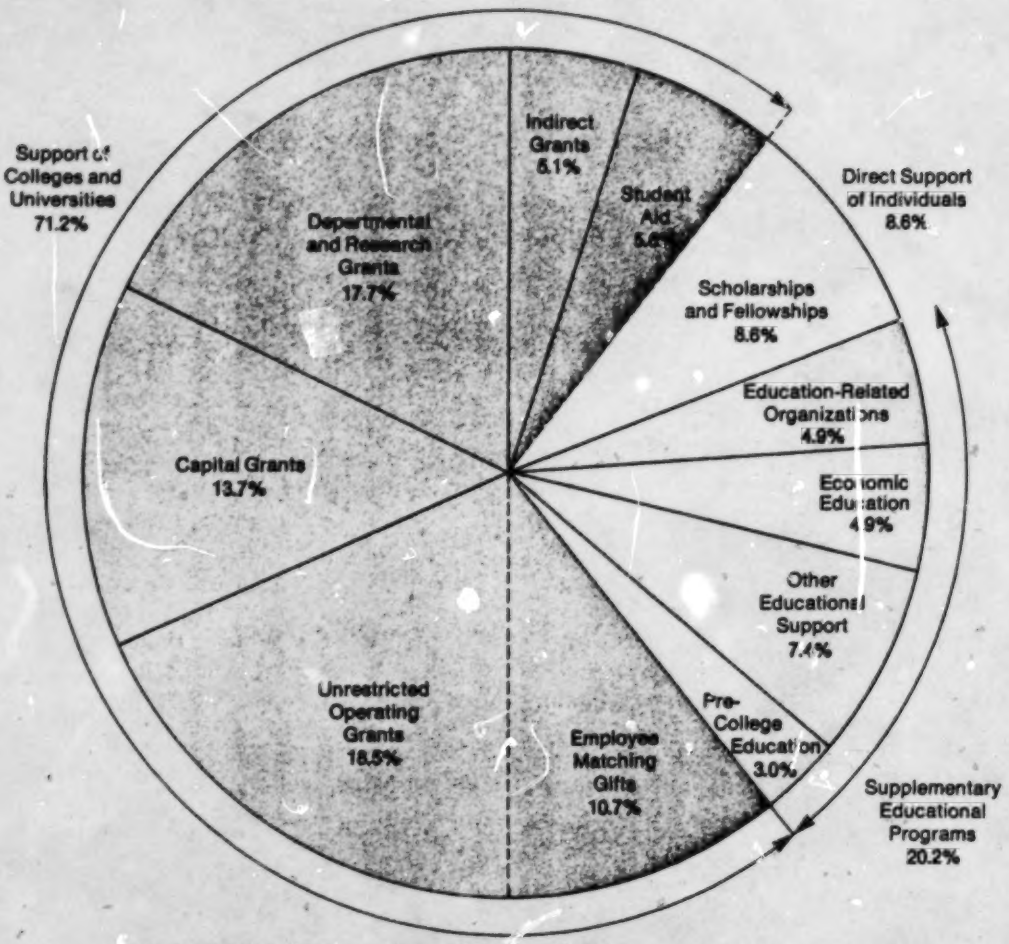
Two of the manufacturing industries reported more than 10% of their total support under the "other" category, and in the case of the transportation equipment industry it amounted to 30.9%. The content of this category is not known, but it is possible that these dollars, like those shown as unallocated in Table XI, can properly be allocated to one or more of the specific categories listed.

For these 704 companies as a group, [illegible]% of their total support of education consisted of direct and indirect contributions to colleges and universities. The share for manufacturers was 70.4% and that for nonmanufacturers was 74.5%.

Table XII
Purposes of Educational Support, by Industry, 1978
(Percentage Distribution)

Industry and No. of Companies	Total Support of Education (000)	Support of Colleges and Universities						Other Educational Support				
		Direct Grants					Indirect Grants Thru St. & Natl. Groups					
		Unrestricted Operating Grants	Student Finan. Aid	Dept. & Research Grants	Capital Grants	Empl. Match. Gifts		Precol. Educ. Inst.	School & Fellow.	Econ. Educ.	Educ. Related Orgns.	Other
MANUFACTURING(365)	$184,733,500	16.5	6.0	20.4	12.8	10.0	4.9	2.9	8.5	4.6	5.4	8.2
Chemicals & Allied Products(57)	40,079,000	21.1	7.3	24.1	12.0	6.3	4.5	2.8	8.6	4.5	4.3	4.6
Chemicals(41)	30,040,600	25.4	8.9	23.0	10.7	6.1	4.5	3.0	6.5	4.7	3.8	3.3
Pharmaceuticals(16)	10,038,400	8.3	2.3	27.1	16.0	6.7	4.5	2.0	15.1	3.6	5.9	8.3
Electrical Machinery(41)	29,730,600	11.7	2.9	27.3	14.8	11.2	6.1	1.1	8.7	3.1	6.0	7.1
Fabricated Metal(29)	2,819,000	29.1	9.9	8.0	15.2	12.7	1.5	4.1	9.4	5.0	2.2	2.9
Food, Beverage & Tobacco(38)	15,416,900	10.5	7.8	29.4	13.5	3.0	6.6	3.7	8.7	5.0	3.2	3.6
Machinery(45)	7,273,000	26.2	2.4	6.5	19.1	8.7	7.1	3.9	8.2	9.7	4.5	3.8
Mining(9)	1,568,600	24.5	5.8	22.5	6.0	13.8	1.9	1.2	18.4	4.2	0.7	0.1
Paper and Allied Products(22)	3,539,300	27.8	0.8	4.2	17.8	10.2	8.0	4.2	13.0	9.9	1.9	2.2
Petroleum & Gas(28)	40,383,100	12.3	6.9	25.5	8.2	13.8	2.9	4.1	7.9	3.3	9.0	4.9
Primary Metal(17)	8,670,000	18.9	6.0	13.6	23.0	5.8	3.4	4.1	9.5	4.8	5.9	5.1
Printing & Publishing(13)	2,936,000	25.0	2.8	8.9	20.6	11.9	8.6	5.1	4.8	3.6	7.9	2.8
Rubber(11)	2,502,700	18.1	3.9	14.2	6.2	15.3	9.0	4.5	10.7	13.4	1.4	2.9
Stone, Clay & Glass(13)	3,353,700	14.3	8.6	8.6	27.1	13.7	4.5	3.6	11.8	4.7	2.1	0.6
Textiles & Apparel(18)	3,772,800	17.0	0.6	1.0	16.3	12.4	5.1	4.2	15.2	2.6	9.0	16.8
Transportation Equipment(24)	22,608,800	15.7	7.4	7.8	9.2	7.7	5.8	0.8	5.7	6.0	2.8	30.9
NONMANUFACTURING(339)	51,068,000	26.8	4.3	7.9	16.8	12.9	5.8	3.4	9.1	5.7	3.2	4.0
Banks(89)	10,116,200	31.6	2.4	3.0	25.1	12.4	4.1	5.0	4.2	7.1	2.4	1.8
Business Services(11)	1,606,400	12.3	0.5	17.3	4.6	28.2	3.4	8.2	14.1	7.6	2.6	1.1
Engineering & Construction(8)	919,700	10.0	3.5	42.9	6.3	25.5	0.7	0.7	1.6	4.1	4.4	0.2
Finance(10)	865,400	44.1	1.7	0.9	2.4	3.8	1.4	8.7	23.9	7.1	5.4	0.7
Insurance (Total)(92)	12,968,500	16.1	8.3	10.2	12.2	22.4	5.9	2.4	9.2	4.3	3.3	5.8
Life(66)	10,129,600	13.3	7.9	9.2	12.2	24.3	6.4	2.6	9.4	4.3	3.5	6.6
Property/Liability(26)	2,838,900	25.9	9.6	13.6	11.9	15.6	4.2	1.4	8.4	4.6	2.5	2.4
Merchandising(20)	6,891,000	37.8	4.4	10.8	6.7	4.3	3.6	4.5	10.4	5.7	2.7	9.2
Telecommunications(21)	8,760,100	26.8	1.3	5.3	19.7	10.8	9.4	2.7	13.5	3.3	4.5	2.6
Transportation(10)	2,183,100	32.1	5.9	3.0	19.8	3.1	12.7	2.4	5.6	5.5	3.1	6.8
Utilities(78)	6,757,600	31.2	4.5	6.4	25.1	5.7	5.0	1.8	7.8	9.1	2.7	0.7
TOTAL(704)	$235,801,600	18.6	5.6	17.7	13.6	10.7	5.1	3.0	8.6	4.9	4.9	7.3

Chart 6
Corporate Support of Education, by Purpose, 1978



* Based on data from 756 companies

Appendix I

The Problem of Measuring Corporate Contributions

The data on total corporate contributions shown in Table I on page 3 are widely quoted as the most authoritative measure of corporate philanthropy. These figures, which are compiled by the Internal Revenue Service, reflect a tabulation of all corporate contributions and gifts reported annually on corporate income tax returns. One of the by-products of the annual Survey of Corporate Contributions has been a growing understanding of the deficiencies of the IRS figures as valid measures of total corporate contributions in the everyday sense of that term.

The most important deficiency of the IRS data has long been recognized. The data reported by corporations for tax purposes refer to the contributions that are qualified as deductions in the computation of taxable income. Since the contributions to a company-sponsored foundation qualify as a deduction for tax purposes, they are included in the figures for total corporate contributions reported to the IRS. At the same time, these figures *exclude* the gifts and grants made by company-sponsored foundations to health, education, welfare, and other charitable areas. As a consequence, the net flow of contributions by corporations and their sponsored foundations is sometimes larger and sometimes smaller than the amounts tabulated by the IRS.

Indeed, the principal motivation for establishing a company-sponsored foundation is to insulate the flow of contributions from the ups and downs of the business cycle. In the typical case, the amounts given by a company to its foundation in a prosperous year will exceed the gifts and grants made by the foundation, thus enabling the foundation to accumulate a reserve against leaner times. Conversely, the amount given by a company to its foundation in a depressed year will typically fall short of the level of contributions made by the foundation, thus causing a decline in the foundation's reserves.

As indicated by the data in Table VI (page 8), the difference between the grants made to company foundations and the contributions made by company foundations can be significant, even for a sample as small as that represented by the companies participating in this Survey. For the corporate community as a whole, these differences are even more substantial, and they are undoubtedly the most important cause of the lack of validity of IRS data as a measure of corporate philanthropy.

There are, however, at least three other factors that have emerged from the Survey data, all of which relate to various provisions of the Internal Revenue Code that have no relevance to the actual contributions made by the corporate community. The first of these arises from the fact that the contributions deduction allowed by the Code in any given year is limited to 5% of taxable income in that year. Since taxable income is computed in accordance with the specific provisions of the Code, and since the Code provides for many exclusions and deductions that are not recognized in the generally accepted accounting principles used by corporations, taxable income is typically much smaller than pretax net income, and under many circumstances it can be very small indeed. It is not unusual, therefore, for a company's contributions to exceed 5% of taxable income, even though such contributions are less than 5% of PTNI. Given that the deduction for tax purposes is limited to the 5% figure, the excess is not reported in the year in which made; rather, it is "carried forward" for up to five years in accord with section 170(d)(2) of the Code.

This means that the contributions tabulated by the IRS for any given year will include some contributions carried forward from prior years by companies that had "excess" contributions in one or more of the preceding five years, and exclude any "excess" contributions that must be carried forward to succeeding years. While the magnitude of this discrepancy is unknown at this time, it is clear that it is more important than previously believed. When asked if the contributions amounts reported in the Survey were the same as reported for tax purposes, one-third of the participating companies responded with a "No" answer, and the majority of those indicated that the difference was due to amounts carried over either from the past or to the future.

Second, many companies avail themselves of the right to "prepay" some of their contributions under the provisions of section 170(a)(2) of the Code. This section permits contributions made during the first two and a half months of a given year to be taken as a deduction in the prior year, under certain stipulated conditions. To the extent

that the corporate community as a whole utilizes this provision, the IRS tabulation of contributions for any given year will include some amounts that were actually disbursed in the following year.

The third factor involves the special ways in which income taxes are computed for mutual insurance companies, mutual savings banks, savings and loan associations, and similar kinds of corporations. There are circumstances affecting the tax situation for a company in one of these industries in which the computation of taxable income is independent of the company's contributions. When this occurs, there is no reason for the company to report its contributions on its income tax return. Thus, the total contributions tabulated by the IRS will not include the amounts actually given by such companies whenever these circumstances arise.

It is clear, therefore, that the IRS figures shown in Table I are not a valid reflection of the amounts actually contributed by the corporate community. For all the reasons indicated above, the total amounted actually received by charitable entities from business corporations and their foundations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year. Other than the information shown in Table VI, there are no data presently available that would permit an accurate adjustment of the IRS figures to accord with the actual flow of corporate contributions. It is hoped the accumulation of additional information from the companies participating in the Survey in years to come will provide a basis for making such adjustments in the future.

It should be noted that the Survey findings in Part II of this report have been adjusted to reflect the actual contributions of corporations and their foundations on a combined basis. For this reason, the figures on corporate contributions, corporate support of education, and the related percentages in Part II are consistent with each other but not consistent with the IRS figures in Table I.

Appendix II

About This Report

This report presents some of the results of the fifth Annual Survey of Corporate Contributions, a joint project of CFAE and The Conference Board. Information concerning corporate support of areas other than education will be found in The Conference Board's publication, *Annual Survey of Corporate Contributions, 1978*. Although the information included in this report relates primarily to corporate support of education, the data are consistent with the tabulations published by The Conference Board in its more general report on corporate contributions.

The response of the corporate community to this joint Survey continues to be overwhelmingly favorable. Usable questionnaires were returned by 759 companies. The average for the four previous years was 795. These rates of participation are substantially larger than those recorded by CFAE's Surveys of Corporate Support of Higher Education and by The Conference Board's Surveys of Company Contributions in years prior to 1974. While these samples are very small in relation to the total number of incorporated enterprises in the United States, they provide an excellent basis for the estimates presented in Part I of this report.

However, it is likely that the statistics derived from this Survey sample differ from those pertaining to the entire corporate community. To the normal sampling errors associated with samples of this size must be added the errors arising from the fact that the Survey does not have the characteristics of a random sample. Indeed, as indicated below, there are important biases reflected in this sample which the reader should keep in mind.

Despite these biases, the data from this Survey are of interest and value in that the participating companies account for disproportionate shares of the dollar totals applicable to the entire corporate universe. In particular, these companies account for two-thirds of the total pretax net income and one-third of the total contributions and educational support of the entire population of nearly two million corporations in this country.

In addition, the data supplied by the Survey companies include information that is not available

for the totality of the corporate universe. This includes the differences in giving patterns between industries, between companies ranked by size, and between companies headquartered in different marketing areas. Of greater importance, the Survey provides information on the distribution of corporate contributions by purpose which is not otherwise available.

Definitions: Contributions

In Part II of this report, both total corporate contributions and corporate support of education are stated as though company-sponsored foundations were integral parts of the corporations themselves. That is, the data *exclude* grants by corporations to their own foundations and *include* grants by company foundations to charitable and educational recipients. This treatment of the data, although consistent with CFAE estimates of total corporate support of education, is inconsistent with the IRS figures for total contributions shown in Part I. The IRS data, which are tabulated from corporation income tax returns, *include* corporate grants to company foundations and *exclude* the contributions made by the foundations themselves.

Definitions: Financial Data

The information regarding sales, assets, and pretax net income in Part II are basically the figures reported by corporations to their stockholders and the financial community in consolidated financial statements. Pretax net income, therefore, includes income derived from overseas sources as well as income earned in the United States. This accords with the definition of corporate profits before taxes used by the U.S. Department of Commerce in compiling such figures as a component of the national income accounts (Table I).

As an alternative to these worldwide figures, some companies have expressed an interest in figures that exclude corporate sales, assets, and income associated with foreign operations. In an effort to be responsive to this interest and to gather useful information on the differences in corporate giving practices, the Survey questionnaire also included space for "U.S. Only" financial data. The basic tabulation of this information, together with the contributions figures from the reporting companies, is shown in Table V on page 8, together with similar information from the 1974, 1975, 1976, and 1977 Surveys.

To ensure the maximum possible comparability with previous Surveys and national data for the entire corporate community, the tabular material and charts in this report are based primarily on the worldwide figures supplied by the participating companies. Comparable data on a "U.S. Only" basis may be found in many of the detailed tables in The Conference Board's report.

Survey Biases

Despite the favorable response of the corporate community and the increased reliability of the data, the derived statistics contain significant biases of which the reader should be aware. The greatest bias arises from the fact that the participating companies constitute a sample that is not representative of the entire corporate community. The Survey sample is heavily weighted by the largest companies in terms of sales, assets, and earnings, and the same bias is present in each of the industrial and geographic groupings. The sample also contains a disproportionate number of companies in the manufacturing and utility industries, and it significantly underrepresents companies engaged in construction, retail and wholesale trade, and business services.

The significance of these biases lies primarily in the fact that, although the dollar amounts are larger, the reported levels of corporate contributions as percentages of corporate earnings, assets, and sales are lower for the companies participating in these Surveys than they are for the corporate community as a whole. As indicated in Table IX of this report and comparable tables in The Conference Board's report, these percentages are inversely correlated with corporate size. It is virtually certain, therefore, that a more representative sample of companies would show higher percentages than those presented in this report.

The indicated distribution of corporate contributions by purpose, shown in Tables XI and XII, is also distorted by the overrepresentation of large corporations and the atypical industrial composition of the Survey sample. As shown in Table VIII, corporate support of education as a percentage of total corporate contributions differs widely from one industry to another. While it is clear that a more representative sample would give a better indication of the distribution of corporate contributions, the exact size and character of the Survey biases in this respect are not known.

The Council for Financial Aid to Education (CFAE), a nonprofit service organization, promotes voluntary support of higher education by all sources, but especially by the corporate community.

CFAE was founded in 1952 by five prominent business leaders, the chairmen of United States Steel, General Motors, Exxon, Container Corporation and Armstrong Cork. The chairmen were Irving S. Olds, Alfred P. Sloan, Jr., Frank W. Abrams, Walter P. Paepcke and Henning W. Prentis.

CFAE staff members call personally upon hundreds of top-echelon businessmen every year to explain the financial needs of higher education and to enlist corporate support in meeting them. CFAE also conducts seminars and offers counseling services for corporate and college administrators. It publishes an annual report on voluntary support received by colleges and universities, an annual report on corporate support of higher education, special studies in fields related to educational philanthropy, "how-to" manuals and other materials designed to broaden the base of educational support.

CFAE sponsors the nationwide public service advertising campaign, "Give to the college of your choice," through the Advertising Council. This campaign has elicited as much as $34 million worth of free time and space from the media in one year.

CFAE itself neither solicits nor disburses funds for higher education. Originally funded by four major foundations—the Carnegie Corporation of New York, the Ford Foundation, the Rockefeller Foundation and the Alfred P. Sloan Foundation—CFAE now draws its support from more than 400 leading American corporations.

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